



STATE OF UTAH
NATURAL RESOURCES & ENERGY
Oil, Gas & Mining

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Cleon B. Feight, Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

March 17, 1983

Mr. Kent Dahlquist
Union Carbide Corp.
Metals Division
LaSal, Utah 84530

RE: LaSal-Snowball Mine
Bond and Review
ACT/037/026
San Juan County, Utah

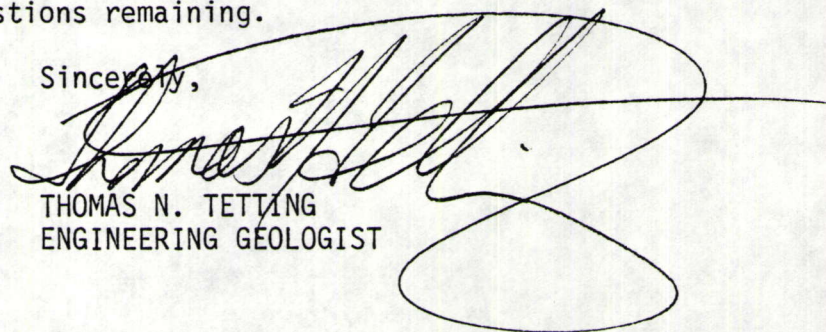
Dear Mr. Dahlquist:

After our phone conversation today I am sending this letter to memorialize the understanding at which we arrived. First off, the copies of previous correspondence are enclosed per your request. Secondly in response to Claude Thormalen's letter dated March 4, 1982; the Division finds the revised bond estimate to be insufficient of detail to review further. Additionally, the 1.5% inflation factor used was mistakenly interpreted from previous correspondence. Inflation rates were never 1.5%, but were 5%. Currently, the State is using 10% and also a 10% contingency addition added to total costs prior to inflation. Newly revised bond forms for reporting estimates are also enclosed. I find it unfortunate that a misunderstanding in verbal communication has delayed arrangements this long.

Finally, I hope we may look forward to completing the review of Union Carbide's mine plans and bring up-to-date the outstanding issues of development and reporting within a reasonable time frame this year.

Please call if there are any questions remaining.

Sincerely,



THOMAS N. TETTING
ENGINEERING GEOLOGIST

Enclosures

TNT/mn